

**The American Insurance Association**

Statement

on

S. 1501, The Motor Carrier Safety Improvements Act of 1999

Submitted To The

Committee on Commerce, Science and Transportation United States Senate

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The American Insurance Association represents more than 370 insurers which provide 36% of the commercial vehicle insurance in the United States. They have extensive experience in truck safety issues as businesses and as safety advocates. On their behalf, we are pleased to state our strong support for

S. 1501, the "Motor Carrier Safety Improvement Act of 1999". We also wish to take this opportunity to ask you to adopt some enhancements which are entirely consistent with the purpose and provisions of the S. 1501.

### **Truck Safety Is A Major Concern**

Truck crashes are a major public health, safety, economic and transportation efficiency issue for all citizens. During the last year for published statistics, despite a genuine commitment to safety by the affected industries, 5,282 persons were killed and nearly 20 times that number injured in large truck crashes. The total economic costs to society exceeded \$15 billion in lost productivity, medical costs and property damage--costs shared by the victims and their families, employers, insurance consumers and taxpayers. Large truck crash fatalities reached their highest levels this decade in 1997 (5,295) and 1998 (5,282). Clearly we have not yet achieved success.

Insurers underwrite and charge premiums on the basis of safety performance. They also provide expert advice on reducing risk and improving the safety of operations. But they cannot substitute for a vigorous Federal regulatory program, which has often been lacking.

Major causes of truck crashes, according to our member insurers, include fatigue, hours of service violations, speeding, brakes and general maintenance problems. They also believe that Federal regulatory programs should be more accountable and higher in visibility and effectiveness. S. 1501 addresses most of the major issues.

### **To Succeed, Federal Truck Safety Programs Must Be More Focused And Accountable**

Federal truck safety programs are nearly invisible to the public and there is no apparent focal point or official to be held publicly accountable for truck safety matters. This has led directly to delays in critical rulemakings such as hours of service and worse safety results than expected. The most important reform

S. 1501 accomplishes is to create a highly visible and accountable truck safety focus in the Federal Government that, under the Interstate Commerce Clause, has the plenary responsibility for the subject.

Simply pouring more resources into the current regulatory structure is like putting more gas into a car without a motor. S. 1501 remedies this fundamental shortcoming by establishing an independent agency modeled on the Federal

Aviation Administration. Considering the size and economic importance of trucking industry, crash costs and regulatory failures, this reform is essential for achieving success.

The duties of the new agency are appropriately comprehensive, including implementing the US DOT Inspector General's recommendations on better and stronger enforcement, safety ratings and data analysis. Some added responsibilities are also assigned to the National Highway Traffic Safety Administration.

### **Beyond Refocusing Safety Programs, Specific Program Flaws And Increased Funding Are Addressed By The Bill**

We support the increased funding levels in Section 3, especially because they will provide more resources to an updated and refocused federal regulatory structure established by Section 2 of S. 1501. The payback should be quite significant.

Section 4 provides that the new agency shall act to carry out the Inspector General's recommendations including tougher enforcement and oversight, more current safety ratings, and more extensive and better analyzed data, in addition to the restructuring. We support addressing all of these issues.

Section 5 will remedy some of the current flaws in the Commercial Drivers License program. Most importantly, it will be changed to take account of violations by truck drivers that occur in other vehicles. To us this makes sense, because dangerous driving behavior is often not compartmentalized. The bill also contains provisions to assure better and more complete participation by the States.

Section 6 addresses the paucity and comparatively poor analysis of data. It will also help harmonize differences between the States in data reporting. Section 7 creates an advisory committee. Because of their economic stake and relevant expertise, the provision should include commercial vehicle insurers as members. Section 6 also moves closer to the use of event recorders.

### **Additional Provisions Would Improve The Legislation**

The issue of the safety of Mexican trucks entering the U.S. should be addressed. Repeated studies show high out-of-service rates, overweight loads, poorly maintained vehicles and hours of service and operator violations. The U.S. must assure that adequate programs, infrastructure and personnel are in place to achieve full compliance with U.S. safety laws. Nothing would hurt the cause of NAFTA or free trade more than a preventable truck crash with multiple casualties or environmental damage. Provisions addressing these issues should be included in the legislation.

## **Changes Are Needed On Several Insurance Issues**

Section 6 helps establish an improved Federal proof of insurance system covering all commercial motor vehicles. Wasteful multiple insurance status reporting could be eliminated and all motor carriers included in a readily accessible and efficient proof of insurance system. However, S. 1501 does not dispose of the duplicative and costly State system and does not cap system access fees to actual costs charged to provide information to, and receive information from, the system. Again, under the Interstate Commerce Clause, the Federal Government can and should exclusively perform this responsibility. Therefore, preemption language and fee limitation language should be added to S. 1501.

Section 8 concerns owner-controlled insurance programs. We support the concept of the Federal Government preventing grantees of Federal funds from inflating insurance reserves and using the money to offset their financial obligations for participation. However, the current language is overly broad and could be interpreted as infringing on the McCarran-Ferguson Act. We therefore request that this provision be limited clearly to the grantee of Federal funds, leaving to State regulation oversight of insurance companies. In this way, all parties will be subject to scrutiny but without conflict or duplication.

## **Conclusion**

We strongly support S. 1501. We also urge the Congress to make some changes to strengthen and better carry out its clear intent.

Respectfully Submitted,

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